



KANCO TEA & INDUSTRIES LIMITED

Registered Office : "Jasmine Tower", 3rd Floor
31 Shakespeare Sarani, Kolkata - 700 017, India, Telefax : 2281-5217
E-mail : contact@kancotea.in, Website : www.kancotea.in
Corporate Identity Number (CIN)-L15491WB1983PLC035793

POLICY ON DETERMINING 'MATERIAL' SUBSIDIARY

PURPOSE AND SCOPE

The Policy for determining 'material' subsidiary companies has been framed in accordance with the provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"). The Policy aims to provide a framework for determining material subsidiaries of Kanco Tea & Industries Limited (KTIL) and to provide the governance framework for such subsidiaries.

All the words and expressions used in this Policy, unless defined hereafter, shall have meaning respectively assigned to them under the Listing Regulations and in the absence of its definition or explanation therein, as per the Companies Act, 2013 and the Rules, Notifications and Circulars made/issued there under, as amended, from time to time.

APPLICABILITY AND IDENTIFICATION OF MATERIAL SUBSIDIARY COMPANY

A subsidiary shall be considered as material if:

- a) the net worth of the subsidiary, exceeds 10 per cent of the consolidated net worth of KTIL and its subsidiaries in the immediately preceding accounting year or,
- b) if the income of the subsidiary exceeds 10 per cent of the consolidated income of KTIL and its subsidiaries in the immediately preceding accounting year

Winnow Investments and Securities Private Limited (WISPL) is wholly owned subsidiary of KTIL.

GOVERNANCE FRAMEWORK WITH RESPECT TO MATERIAL SUBSIDIARY

- a. At least one independent director on the board of directors of the Company shall be a director on the board of directors of an unlisted material subsidiary company whether incorporated in India or not.

"Material Subsidiary" shall mean a subsidiary, whose income or net worth exceeds twenty percent {20%} of the consolidated income or net worth respectively, of the listed company and its subsidiaries in the immediately preceding accounting year.

- b. The Audit Committee of Board of the Company shall review the financial statements, in particular, the investments made by the unlisted subsidiary company.
- c. The minutes of the Board meetings of the unlisted subsidiary company shall be placed before the Board of the Company.



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- d. The management shall periodically bring to the attention of the Board of Directors of the Company, a statement of all significant transactions and arrangements entered into by the unlisted subsidiary company.

"Significant transaction or arrangement" shall mean any individual transaction or arrangement that exceeds or is likely to exceed ten percent {10%} of the total revenues or total expenses or total assets or total liabilities, as the case may be, of the unlisted material subsidiary for the immediately preceding accounting year.

- e. The unlisted material subsidiaries incorporated in India shall undertake secretarial audit and shall annex with its Annual Report, a Secretarial Audit Report, given by a Company Secretary in practice, in such form as may be specified with effect from the year ended 31st March, 2020.

RESTRICTIONS ON DISPOSAL OF SHARES/ASSETS OF MATERIAL SUBSIDIARY BY THE COMPANY

KTIL shall not dispose of shares in its material subsidiary which would reduce its shareholding (either on its own or together with other subsidiaries) to less than 50% or cease the exercise of control over the subsidiary without passing a special resolution in its General Meeting. The exception has been granted for divestment under a scheme of arrangement duly approved by a court/ tribunal.

Selling, disposing and leasing of assets amounting to more than twenty percent of the assets of the material subsidiary on an aggregate basis during a financial year shall require prior approval of shareholders of the KTIL by way of special resolution, unless the sale/disposal/lease is made under a scheme of arrangement duly approved by a Court /Tribunal..

DISCLOSURE

Policy On Determining 'Material' Subsidiary shall be disclosed on the website of the Company and a web link thereto shall be provided in the Annual Report of the Company

MODIFICATIONS & AMENDMENTS

The Board may review and amend this policy as may be required from time to time in accordance with SEBI (LODR) and other applicable laws and any further amendments and notifications as may be made effective in this regard. Any subsequent notification, circular, guidelines or amendments to SEBI (LODR) and other applicable laws, as may be issued from time to time shall be mutatis mutandis applicable without any further modification or amendment in this policy.

